



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CAL

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Application Of Southern California Edison Company (U 338-E) For Authority To Increase Its Authorized Revenues For Electric Service In 2018, Among Other Things, And To Reflect That Increase In Rates.

A.16-09-001
(Filed September 1, 2016)

PROTEST OF THE CONSUMER FEDERATION OF CALIFORNIA

I. Introduction

Pursuant to Rule 2.6 of the Commission's Rules of Practice and Procedure, Consumer Federation of California (CFC) hereby submits this protest to the application of Southern California Edison Company (U 338-E) for authority to increase its authorized revenues for electric service in 2018, among other things, and to reflect that increase in rates. This Protest is submitted within 30 days of the date the notice of the filing September 2, 2016, as required under Rule 2.6.

II. The Effect of the Application on the Protestant

CFC is made up of community based organizations and individual members which advocate for consumer protection. CFC is actively involved in representing the interests of California ratepayers before this Commission and other legislative and regulatory bodies. The proposed rate increase in this proceeding will directly affect CFC constituents by raising their utility bills, and proposed changes in utility operations will affect the quality and scope of services that our constituents receive.

III. Grounds for Protest

Pursuant to Section 451 and 454 of the Public Utilities Code, no utility can change their rates unless the Commission finds that the new rate is justified. The utility has the burden of showing that the rate it proposes is "just and reasonable."¹ In order to assist the Commission in conducting a thorough evaluation of SCE's rate proposal, CFC has conducted an initial review of

¹ California Public Utilities Code section 451.

the application and identified some issues of concern as discussed below. Given the voluminous amount of information in this filing, and the limited time to file protests, the following is not an exhaustive list and CFC may identify other concerns following more in-depth analysis, discovery, and discussions with SCE.

A. Escalation.

SCE describes why the CPI is not the appropriate escalator for utility costs. The explanation points to the differential between the categories of goods and services included in the CPI, and the goods and services utilities require. Extending the logic of the necessity for using correct escalators, CFC considers that whatever series are used should most closely match the historical costs recorded by SCE, and the most recent trends in costs for the specific types of goods and services the utility will avail itself of over the course of the performance term. A cursory examination suggests that some of the proposed escalation rates may not necessarily match recent trends for certain expense categories. CFC considers that while the general method makes sense, it relies on estimates based on a broad range of utilities—of differing sizes, and geographic locations. It is important to ensure the adopted estimates have unbiased historical performance where SCE operations are concerned, and align most closely with actual company input costs. Also, the trends underlying the proposed escalation rates should be verified as the most-current, maximum likelihood estimates for those series.

B. Cyber Liability Insurance.

SCE commenced purchasing cyber liability insurance in 2015. Cyber liability insurance protects the company in the event the personal information of employees or customers is compromised. Cyber liability insurance has been increasingly important for companies like SCE who collect and retain significant stores of personal data. Insurers face a challenge in that cyberattacks are a relatively new phenomenon, and the loss experience record for these exposures are not well-understood—at least, compared to other risk exposures. The 2015 GRC proceeding did not explore the details surrounding cyber liability coverage. CFC looks to ensure that the \$50 million proposed cyber liability insurance expense represents the most advantageous coverage from a ratepayer perspective.

C. Uncollectibles.

The application proposes significant increases in Uncollectibles expenses. To CFC, it appears that the underlying factors (e.g., the rate of account growth, economic conditions) favor a lesser increase. Further, the 2015 GRC Decision approved an Uncollectibles expense that turned out to be higher than required. Due to these and other factors, CFC believes the Uncollectibles expense forecast should be explored during the proceeding.

IV. Need for Hearings

In Resolution ALJ 176-3384 (Sept. 15, 2016), the Commission preliminarily determined that this proceeding should be categorized as “ratesetting” and that evidentiary hearings will be necessary. CFC concurs with this assessment. SCE has requested a substantial rate increase, and the Commission’s disposition of SCE’s application will require the resolution of numerous disputed issues of material fact, including the reasonableness of SCE’S forecasts of test year costs throughout its showing. CFC intends to actively participate in evidentiary hearings as necessary to support its recommendations.

V. Proposed Schedule

CFC intends to address SCE’s proposed schedule in conjunction with the prehearing conference, rather than in this protest.²

VI. Service

Service of notices, orders, and other communications and correspondence in the proceeding should be directed to the Consumer Federation of California at the address set forth below:

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² SCE Application p. 15.

VII. Conclusion

For the reasons set forth herein, CFC protests SCE's proposed rate increases, and requests that the scope of the proceeding include, but not be limited to, the matters discussed above. CFC looks forward to fully participating in this proceeding.

Executed on October 3, 2016 in San Francisco, CA.

Respectfully Submitted,

_____/s/_____,

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